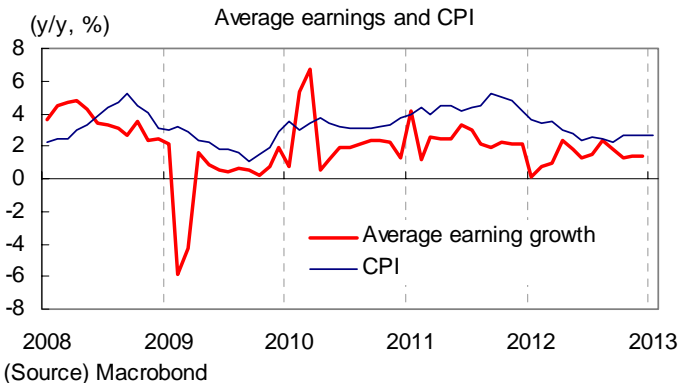
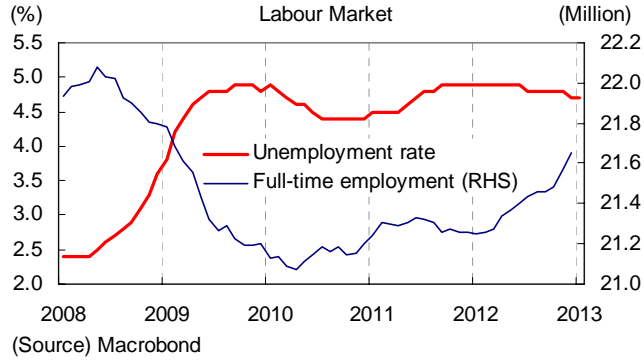
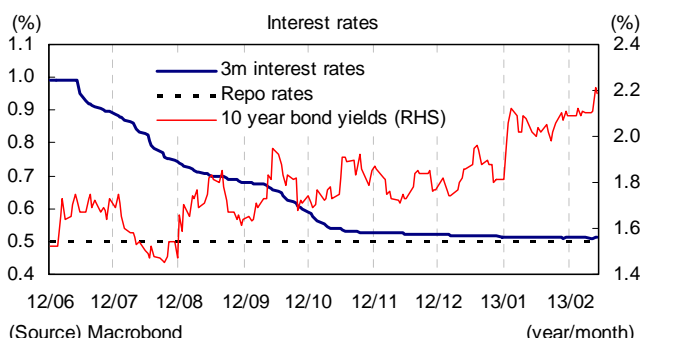
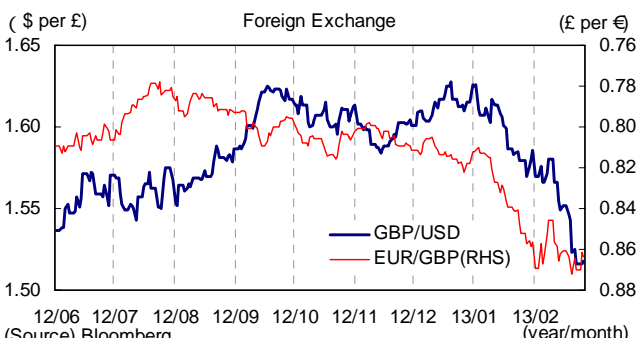


Main Economic & Financial Indicators (UK)

Economic Research Office
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Overview	Consumption
<p>The UK economy shrank by 0.3% on quarter-on-quarter after seeing a 1.0% q/q growth in Q3. Fear of a triple-dip recession is looming amid disappointing January retail sales affected by heavy snowfall and a continuing weak growth in earnings. As the Bank of England expects the inflation to rise further in the near term, households will feel the pinch as disposable income falls. External demand is also expected to remain sluggish with weak growth prospects of the EU economy. In light of these circumstances, the UK's economic recovery is expected to be slow. Moody's, the rating agency, downgraded the UK's credit rating from its top grade Aaa by one notch to Aa1 citing the continuing weakness in the UK's medium-term growth outlook.</p>	<p>Retail sales in January decreased by 0.6% m/m. Heavy snowfall hit food and petrol sales in particular. January's consumer confidence index improved slightly from -17.0 to -16.2. However, as upward inflationary pressure is expected, recovery in private consumption will be slow for a while.</p>
Labour Market, Prices	
<p>Average earnings and CPI</p>  <p>(y/y, %) Average earnings and CPI</p> <p>(Source) Macrobond</p>	<p>Labour markets: The unemployment rate in January was unchanged at 4.7%. The number of people in employment increased 154000 in the October-December 2012 period. While the number of people in part-time employment decreased, the number of full-time employees recovered to the level seen in February 2009. Meanwhile, growth in the average earnings in December remained weak, up only by 1.4% y/y.</p> <p>Prices: January's CPI rose by 2.7% y/y, unchanged for four months in a row. The Bank of England said in its quarterly inflation report that inflation is likely to go up further in the near term mainly driven by the recent depreciation of sterling and a hike in utility bills.</p>
Output	Labour Market, Prices
<p>Industrial production in December grew by 1.1% month-on-month. The manufacturing sector rose by 1.6% m/m, the first growth in three months. The PMI for the manufacturing sector in February stood at 50.8, down from 51.2 recorded in January, suggesting that the sector continues to grow.</p>	<p>Labour Market</p>  <p>(%) Labour Market (Million)</p> <p>(Source) Macrobond</p>
Interest Rates, Foreign Exchange Markets	
<p>Policy Rate: On February 7th, The Bank of England's Monetary Policy Committee decided to keep its policy rate unchanged at 0.50% and the size of its QE programme at £375bn. The minutes of this meeting revealed that the committee discussed, amongst other things, a cut in the policy rate and expansion of the asset purchasing programme. They also revealed that three members including the Governor Mervyn King, David Miles and Paul Fisher voted for expanding the QE programme by £25bn to £400bn, fuelling the possibility of further easing.</p> <p>Market rate (January-): Long-term government bond yields started at 1.81%. Reflecting favourable results seen in the US labour market and the Germany's retail sales, bond yields rose to 2.12% on January 4. Subsequently the IMF's downgrade of growth forecast for the European economy pushed yields down to 1.98% in late January. More recently, however, bond yields shifted upwards again at around 2.2% after the successful government bond auctions of Italy and Spain.</p> <p>Foreign Exchange Market (January-): Sterling value against the US dollar has been sliding down since starting at US\$1.625 in January. It finished at around US\$1.52 amid Moody's downgrade of the UK's credit rating and the rising prospects of an expansion in the Bank of England's QE programme in contrast to the US FOMC suggesting that it may phase out its asset purchase programme. Elsewhere, sterling's value against the euro started at £0.812 and depreciated further in January as expectations of an ECB rate reduction abated and there was a marked improvement in sentiment towards countries such as Spain. Later, sterling bounced back reflecting political turmoil in Italy and Spain. However, it depreciated again and finished around £0.87 per euro amid rising fears for the UK economy falling into a triple-dip recession.</p>	
<p>Interest rates</p>  <p>(%) Interest rates (%)</p> <p>(Source) Macrobond (year/month)</p>	<p>Foreign Exchange</p>  <p>(\$ per £) Foreign Exchange (£ per €)</p> <p>(Source) Bloomberg (year/month)</p>

1. Annual and quarterly data

		10	11	12	2011/Q4	2012/Q1	Q2	Q3	Q4
Real GDP Growth *		1.8	0.9	0.2	-0.3 0.9	-0.1 0.3	-0.4 -0.2	1.0 0.2	-0.3 0.3
Real business investment		-0.4	3.2	-	2.6 7.7	-2.7 6.9	1.4 3.6	3.8 5.1	- -
Industrial Production *		2.1	-0.7	-2.4	-1.3 -2.7	-0.3 -2.9	-0.8 -2.6	0.7 -1.7	-1.9 -2.4
	Manufacturing	3.8	2.0	-1.8	-1.0 -0.4	-0.3 -1.4	-0.9 -2.4	0.7 -1.5	-1.3 -1.8
Confidence (% , balance)	Manufacturing	-4.5	-1.8	-6.7	-12.3	-4.5	-8.6	-8.1	-5.5
	Consumer	-11.6	-21.4	-20.1	-24.4	-21.7	-22.5	-18.8	-17.6
Retail Sales Volume *		-0.4	0.5	1.2	1.0 1.2	0.6 1.4	-0.3 0.8	0.9 2.2	-0.8 0.4
Claimant Count *	(000s)	1,527.7	1,496.4	1,534.1	1,573.6	1,595.6	1,606.1	1,596.1	1,576.3
	(% change on previous term)	68.6	-2.0	2.5	4.6	1.4	0.7	-0.6	-1.2
Unemployment rate *	(%)	4.6	4.6	4.7	4.8	4.8	5.1	4.9	4.8
Average Earnings *	(YoY, %)	2.4	2.5	1.4	2.1	0.6	1.8	1.9	1.4
Producer Prices	Output Prices	1.6	4.2	5.6	0.6 6.1	0.3 5.3	0.9 3.9	0.9 2.7	0.1 2.2
	Input Prices	-3.7	9.9	15.4	-0.4 17.6	0.0 12.3	2.0 6.5	-2.0 -0.3	-0.8 -0.8
Consumer Price Index	CPI	3.3	4.5	2.8	1.0 4.6	0.3 3.5	0.8 2.8	0.2 2.4	1.2 2.7
	RPI	4.6	5.2	3.2	1.0 5.1	0.4 3.8	1.1 3.1	0.4 2.9	1.2 3.1
	RPIX (excluding mortgage interest payments)	2.0	4.8	5.3	0.6 5.4	1.1 5.3	0.4 3.8	1.1 3.1	0.3 2.9
House Price (HBOS Index)		3.0	-2.6	-0.5	-0.6 -0.2	0.4 -0.1	-0.5 -0.4	-0.5 -0.4	0.8 0.6
Visible exports	Whole World (GBP mln)	228,135	265,708	299,073	74,011	76,894	76,550	73,733	75,581
	(YoY, %)	-9.5	16.5	12.6	11.1	9.7	3.7	-0.8	2.1
	Outside the EU (GBP mln)	140,978	157,778	149,405	39,448	38,464	36,492	37,242	37,207
	(YoY, %)	13.7	11.9	-5.3	5.4	-0.3	-9.4	-5.6	-5.7
Visible imports	Whole World (GBP mln)	310,976	364,217	399,301	101,682	101,751	102,178	101,362	101,635
	(YoY, %)	-10.2	17.1	9.6	10.2	5.6	5.7	2.2	0.0
	Outside the EU (GBP mln)	184,593	200,772	203,906	50,998	51,357	50,393	51,036	51,120
	(YoY, %)	14.1	8.8	1.6	5.6	4.4	2.1	-0.4	0.2
Visible balance	Whole World (GBP mln)	-82,841	-98,509	-100,228	-27,671	-24,857	-25,628	-27,629	-26,054
	Outside the EU (GBP mln)	-43,615	-42,994	-54,501	-11,550	-12,893	-13,901	-13,794	-13,913
Current Account*	(GBP mln)	-17,737	-37,284	-	-8,728	-5,646	-11,800	-17,433	-
Money Supply	M4 : (YoY, %)	6.7	-1.5	-2.4	-1.6	-2.4	-4.7	-5.5	-3.7
Public sector net cash requirement	(GBP mln)	80,391	2,263	-21,359	-15,718	-10,838	-33,436	-33,408	-31,356
Foreign reserves **	(US\$ bln)	55.70	68.34	79.27	78.95	79.27	82.43	84.37	87.90
Repo rate	(%)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3M interest rates	(%)	1.21	0.70	0.88	0.87	1.02	1.07	0.99	0.73
10-Y UK government bond yields		3.66	3.59	3.03	2.76	2.27	2.16	1.89	1.68
USD/GBP exchange rate		1.5459	1.6043	1.5853	1.5727	1.5718	1.5829	1.5807	1.6058
GBP/Euro exchange rate		0.8584	0.8679	0.8113	0.8572	0.8344	0.8110	0.7919	0.8080
JPY/GBP exchange rates		135.58	127.88	126.61	121.62	124.81	126.77	124.28	130.55
Effective exchange rate ****		80.49	80.38	79.93	79.21	80.30	81.23	83.21	84.12

Note : The upper line is the quarterly percentage change, the lower line is the annual percentage change unless otherwise indicated

Unemployment rate =unemployed total / total labour force

Money supply, foreign reserves : End-period figures

Repo rates are end-period figures, other interest rates and exchange rates are period averages.

* seasonally adjusted, ** excluding Gold, **** 1990 = 100

Sources : Office for National Statistics etc

2. Monthly data

		2012/06	7	8	9	10	11	12	2013/01
Real GDP Growth *		No figures for a monthly basis							
		-2.3	2.9	-0.5	-2.1	-0.8	0.2	1.1	-
Industrial Production		-4.0	-0.9	-1.1	-3.2	-3.0	-2.4	-1.7	-
	Manufacturing	-3.0	3.0	-1.3	0.1	-1.3	-0.3	1.6	-
Confidence (%, balance)	Manufacturing	-10.9	-3.1	-13.0	-8.3	-2.7	-9.5	-4.2	-9.9
	Consumer	-18.3	-18.7	-19.3	-21.6	-14.1	-17.0	-16.2	-16.8
Retail Sales Volume		0.3	0.1	-0.2	0.5	-0.8	-0.1	-0.2	-0.6
* (000s)		2.2	2.0	2.3	2.2	0.6	0.7	0.1	-0.6
Claimant Count *	(000s)	1,599.1	1,585.5	1,571.3	1,572.1	1,578.1	1,569.2	1,553.4	1,541
	(MoM, %)	0.1	-0.9	-0.9	0.1	0.4	-0.6	-1.0	-0.8
Unemployment rate *		4.9	4.8	4.8	4.8	4.8	4.8	4.7	4.7
Average Earnings *		1.3	1.5	2.3	1.8	1.3	1.4	1.4	-
(YoY, %)		1.8	1.6	1.7	1.8	1.8	1.5	1.4	-
Headline rate (3 month average)									
Producer Prices	Output Prices	-0.6	0.1	0.5	0.5	0.2	-0.3	-0.1	0.2
	Input Prices	2.0	1.8	2.3	2.5	2.6	2.1	2.2	2.0
Consumer Price Index	CPI	-0.4	0.1	0.5	0.4	0.5	0.2	0.5	-0.5
	RPI	2.4	2.6	2.5	2.2	2.7	2.7	2.7	2.7
House Price (HBOS Index)	(MoM, %)	-0.2	0.1	0.4	0.5	0.6	0.0	0.5	-0.4
	(3M average YoY, %)	2.8	3.2	2.9	2.6	3.2	3.0	3.1	3.3
Visible exports	Whole World (GBP mln)	-0.3	0.1	0.4	-0.5	0.5	0.1	0.4	-0.4
	(YoY, %)	2.8	3.2	2.9	2.6	3.1	2.9	3.0	3.3
Visible imports	Whole World (GBP mln)	0.8	-0.7	-0.5	-0.4	-0.1	1.6	0.9	-0.2
	(YoY, %)	-0.4	-0.1	-0.3	-0.4	-1.0	-0.5	0.6	1.9
Visible balance	Whole World (GBP mln)	24,009	25,856	24,642	25,083	24,554	24,397	25,133	-
	(YoY, %)	-1.6	2.9	0.6	2.8	-6.5	-3.3	-1.1	-
Current Account* (GBP mln)	Outside the EU (GBP mln)	12,009	12,578	12,294	12,370	12,393	12,709	12,105	-
	(YoY, %)	-9.2	-6.0	-5.3	-5.4	-7.7	-2.2	-7.1	-
Money Supply	Whole World (GBP mln)	33,343	33,090	35,076	33,469	33,685	33,672	34,030	-
	(YoY, %)	-0.4	-2.9	6.4	-3.3	-1.9	-2.5	3.5	-
Public sector net cash requirement	Outside the EU (GBP mln)	16,532	16,809	17,471	16,756	17,030	17,347	16,743	-
	(YoY, %)	1.1	-1.9	5.3	-4.4	0.7	0.3	-0.3	-
Foreign reserves **	Whole World (GBP mln)	-9,334	-7,234	-10,434	-8,386	-9,131	-9,275	-8,897	-
	(YoY, %)	-4,523	-4,231	-5,177	-4,386	-4,637	-4,638	-4,638	-
Current Account* (GBP mln)		No figures for a monthly basis							
Money Supply		M4 : (YoY, %)							
		-4.9	-4.2	-3.7	-3.2	-2.9	-1.0	-0.8	-
Public sector net cash requirement		-23,565	-8,322	531	-13,789	-5,843	1,967	-35,614	-
Repo rate		85.97	86.88	87.90	89.74	89.35	88.60	90.14	-
3M interest rates		0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
10-Y UK government bond yields		0.82	0.70	0.65	0.54	0.52	0.52	0.51	0.51
USD/GBP exchange rate		1.55	1.72	1.77	1.80	1.79	1.84	2.04	2.11
GBP/Euro exchange rate		1.5913	1.5558	1.5605	1.5716	1.6109	1.6074	1.5962	1.6134
Yen/GBP exchange rate		0.8042	0.8067	0.7879	0.7889	0.7992	0.8072	0.8039	0.8130
Effective exchange rate ****		126.77	123.40	123.28	123.68	125.93	126.99	129.32	135.29
		83.15	84.04	84.06	84.27	83.68	83.73	83.62	82.30

Note : The upper line is the monthly percentage change, the lower line is the annual percentage change unless otherwise indicated

Unemployment rate =unemployed total / total labour force

Money supply, foreign reserves : End-period figures

Repo rates are end-period figures, other interest rates and exchange rates are period averages.

* seasonally adjusted, ** excluding Gold, *** 1990=100

Sources : Office for National Statistics etc

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